

R. J. REYNOLDS TOBACCO COMPANY CO-MARKETING PROMOTION ACCRUAL CONTRACT - CARTON OUTLET

R. J. Reynolds Tobacco Company ("RJR") is pleased to announce a Co-Marketing Promotion Accrual Program effective January 1, 1994. The Co-Marketing Promotion Accrual Program is available for participating retailers to utilize in promoting selected RJR Full Price brands and is designed to allow customization of promotions. Program Eligibility is available to Retail accounts that meet the following criteria:

- 51% or more total industry volume by the carton.
- 225 + cartons sold per week.
- Distribution of all RJR brands in all price tiers as required.
- Participation in Full Price Carton Display/Signage, Savings Carton Display/Signage, and Package Merchandise Elements as designated by an RJR Representative.

PROGRAM OPTIONS

- Option 1 • RJR Co-Marketing Promotion Accrual - monthly accrual based on industry volume grid.
- Option 2 • RJR Co-Marketing Promotion Accrual with Retailer/RJR Match - monthly accrual with additional Retailer/RJR Match funds based on industry volume grid.

ACCRUAL AS FOLLOWS:

MONTHLY ACCRUAL CALCULATION

Option 1	225-299	300-499	500 +
Average Industry Volume	225-299	300-499	500 +
RJR Co-Marketing Promotion Accrual	\$36	\$56	\$84

MONTHLY ACCRUAL CALCULATION

Option 2	225-299	300-499	500 +
Average Industry Volume	225-299	300-499	500 +
Retailer Match	\$18	\$28	\$42
RJR Match/Co-Marketing Promotion Accrual	\$54	\$54	\$126
TOTAL ACCRUAL	\$72	\$82	\$168

PROGRAM OPTION REQUIREMENTS

OPTION 1

- Accrual process will begin on contract signing date if prior to the 15th day of the month. Sign up after the 15th day of the month will start accrual the following month.
- Co-Marketing Promotion Accrual funds are to be utilized to promote selected RJR Full Price brands as designated by an RJR Representative.
- All promotions require approval by RJR prior to implementation.
- Retailer reimbursement will occur as soon as practicable following successful completion of the subject pre-approved RJR Co-Marketing promotion.
- RJR Promotion Dollar Liability is limited to the allocated dollar amount of Co-Marketing Promotion Accrual as designated by RJR.
- Co-Marketing Promotion Accrual funds will be accrued by the month. Funds accrued during one calendar quarter are available for use in the immediately following calendar quarter.
- Co-Marketing Promotion Accrual funds available for use during a quarter, but not utilized by the end of such period will revert to RJR. Funds may not be carried over to a subsequent quarter.

OPTION 2

- All requirements/benefits stated in Option 1 are applicable to Option 2.
- Retailer must provide matching funds in an amount equal to 50% of Option 1 rate. Retailer match dollars are utilized in the same manner as Option 1 funds and are payable not later than individual promotion completion.
- RJR will provide additional funds in an amount equal to Retailer Match monies. RJR Match monies will be accrued on a monthly basis and are available for use on the same basis as the Option 1 funds.

ADDITIONAL REQUIREMENTS

- Co-Marketing Promotion Accrual Program is available for qualifying retailers through December 31, 1994.
- Display size, quantity, promotional timeframe, and promotional type will be approved by an RJR Representative.
- Promotional advertising associated with RJR Full Price brands will be affixed to, or above each display, as approved by an RJR Representative.
- Retailer will not permit advertising of any kind, including that relating to retailers own products, to be affixed to RJR displays (temporary and/or permanent) without prior consent of RJR.
- Retailer agrees to maintain RJR displays and signage (temporary and/or permanent) in an unobstructed manner, in the location agreed upon by an RJR Representative. Changes in location of displays, or effectiveness of display location, will terminate this agreement.
- Retailer will provide RJR equal opportunity with its competitors to place temporary displays and temporary price/promotion signs as requested by an RJR Representative.
- Retailer further agrees that restricting RJR's ability to display, promote or distribute RJR brands, or the ability to compete equitably with other tobacco companies in all areas at retail, will result in termination of this contract.
- Retailer will permit RJR to make reasonable audits of performance and to inspect and rotate RJR products.
- RJR reserves the right to modify or terminate this contract after notice to retailer. In event of failure of performance by the retailer, this contract may be terminated by RJR forthwith and without notice.

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R. J. REYNOLDS TOBACCO COMPANY CO-MARKETING PROMOTION ACCRUAL CONTRACT - PACK OUTLET

R. J. Reynolds Tobacco Company ("RJR") is pleased to announce a Co-Marketing Promotion Accrual Program effective January 1, 1994. The Co-Marketing Promotion Accrual Program is available for participating retailers to utilize in promoting selected RJR Full Price brands and is designed to allow customization of promotions. Program Eligibility is available to Retail accounts that meet the following criteria:

- 51% or more total industry volume by the pack.
- 76+ cartons sold per week.
- Distribution of all RJR brands in all price tiers as required.
- Participation in Full Price Display, Savings Display, and Enhanced Presence/Signage Merchandising Elements as designated by an RJR Representative.

PROGRAM OPTIONS

- Option 1 • RJR Co-Marketing Promotion Accrual - monthly accrual based on industry volume grid.
Option 2 • RJR Co-Marketing Promotion Accrual with Retailer/RJR Match - monthly accrual with additional Retailer/RJR Match funds based on industry volume grid.

ACCRUAL AS FOLLOWS:

MONTHLY ACCRUAL CALCULATION

Option 1	A	B	C	D	E
Average Industry Volume	75-99	100-149	150-199	200-249	250+
RJR Co-Marketing Promotion Accrual	\$24	\$34	\$46	\$60	\$78

MONTHLY ACCRUAL CALCULATION

Option 2	A	B	C	D	E
Average Industry Volume	75-99	100-149	150-199	200-249	250+
Retailer Match	\$12	\$17	\$23	\$30	\$39
RJR Match/Co-Marketing Promotion Accrual	\$36	\$51	\$69	\$90	\$117
TOTAL ACCRUAL	\$48	\$68	\$92	\$120	\$156

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- All promotions require approval by RJR prior to implementation.
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